

## **APPENDIX**

### **What is the Basis for the City of Belmont Budget?**

City of Belmont prepares its budget using the modified accrual basis of accounting whereby revenues are recognized when they become measurable and available. Likewise, expenditures are recognized when an event or transaction is expected to draw upon current spendable resources.

The budget document itself is based upon the principle of cost centers (i.e., funds, departments, and service areas). The City of Belmont prepares its budget based upon discrete service centers or divisions, which represent the many cost centers through which services are delivered. This allows the City Council to determine with accuracy what the true cost of delivering a service is and what impacts either increasing or decreasing appropriations will have on a particular service. This method is consistent with generally accepted accounting principles.

Departmental management responsibility is identified for each service center and division. Each service center and division has within it elements of the major policy initiatives determined by the City Council, where appropriate. In addition, performance standards and measures are stated. This allows management and the City Council to evaluate how expenditures are achieving stated objectives and performance expectations.

### **What are the Budgetary Policies of the City of Belmont?**

The City of Belmont operates under a set of budget policies, which guide the development of the budget. These policies are presented below.

Where possible, General Fund revenues, operating expenditures and transfers should balance on a "current" basis.

The City Council has established a policy on the balance of unreserved fund balance of the General Fund. This policy establishes reserves at a maximum 20% of operating expenditures with a \$2,000,000 minimum. In addition, the City Council has established a \$50,000 Contingency appropriation that may be used to pay for an emergency or an uncertain occurrence. The use of contingency funds requires City Council approval.

Supplemental appropriations during the fiscal year require an appropriations adjustment resolution passed by the City Council.

There are several different types of appropriations:

In the case where there is a transfer of approved appropriations from one service center or division to another, the appropriation transfer is an expenditure transfer only and the overall size of the budget is not increased and no additional transfer is required from a fund balance.

In the case where there is an increase in the size of the budget because of the appropriation increase, the resolution requires an offsetting change in fund balance unless the added cost is accompanied by an unanticipated increase in revenue to either the General Fund or a restricted fund. If such an offset occurs, then there is no change to the fund balance but the increase in revenue and the source of that revenue is to be shown in the appropriations adjustment resolution.

Where the increased appropriation is to be funded from fund balance and no offsetting revenue is identified, the resolution must show a decrease in fund balance from that expected when the budget was adopted.

Where the increased appropriation is to be funded from the General Fund, an appropriation from the \$50,000 contingency shall occur first, as this has already been accounted for in the City's overall expenditure plan for the year. In the event that the total contingency is expended, the City Council will have to decide, on a case by case basis, to authorize a further expenditure from the City's General Fund unreserved fund balance.

The department heads approve interior appropriations adjustments within the service center or division. Interior appropriations adjustments between service areas and departments requires the approval of the City Manager. Exterior appropriations adjustments between funds require approval of the City Council.

Within legal limits, the City shall allow transfers consistent with implementing the programs and activities outlined in the budget. However, the City shall discourage the use of transfers when:

- Amounts are excessive and seriously alter priorities in the budget
- Made to obscure chronic deficits resulting in a delay of corrective action
- Shift the burden of taxation from one group to another
- Made from the General Fund to business type funds, whereby the transfer constitutes a subsidy from the general taxpayers to customers of the enterprise

Wherever possible, fees, charges and other revenues should cover the full cost of those services and activities for which they were intended. The City Council determines the application of this policy on a case by case basis. Staff assumes the policy is to be used in establishing the budget, except where the City Council has previously determined otherwise.

To shelter itself from exposure from a decrease in any one revenue source, the City shall seek diversification and stability in its revenue mix. This policy shall be considered annually as part of the budget preparation process and development of the Master Fee Schedule.

The City shall aggressively seek State and Federal financial support unless conditions attached to that assistance are contrary to the City's interest. Prior to applying for and accepting intergovernmental aid, the City will examine the matching requirements so that a source and availability of these funds may be determined before a grant application is

made. Local tax dollars will not be used to make up for losses of intergovernmental aid without first reviewing the program and its merits.

The City shall develop a five year Capital Improvement Program (CIP). The CIP shall provide for the systematic repair and/or replacement of existing capital assets. The CIP shall directly relate to the long range plans and policies of the City. Operating funds to maintain capital improvements and additional staff needs will be estimated and identified prior to making the decision to undertake a specific capital improvement.

The CIP shall be updated annually. This plan will include "unfunded" projects that carry out the strategic and general plans of the City, but it will also include a capital spending plan that identifies the projects that can be completed with the known funding sources.

The City will maintain reserves sufficient to ensure that resources are available annually for the replacement of vehicles and equipment, including technology. Replacement of these assets will be funded through fees charged to users in sufficient amount to correspond to the City's future needs.

### **What are Funds?**

Perhaps the biggest surprise encountered by someone examining the financial statements or the budget of a government agency for the first time is the presence of numerous "funds". Whereas even the largest commercial enterprise generally will report only a single amount for each item in its financial statements (e.g., "cash," "sales"), governments, both large and small, will typically report a number of separate amounts in "funds."

Each of these funds is considered to function as a separate fiscal and accounting entity. Funds normally are used by governments to segregate resources related to specific activities (e.g., general operations, capital projects). For most governments, the principal operating fund is known as the "General Fund."

### **What Different Kinds of Funds do Governments Use?**

Governments may use any number of individual funds in their financial reporting and budgeting (although they are encouraged to use the least number of funds practical in their specific circumstances). Regardless of the number of individual funds used, generally accepted accounting principles (GAAP) require all of these individual funds to be aggregated into no more than seven specified "fund types" on the combined balance sheet.

Four of these fund types are known as the "Governmental Funds." They are the General Fund, the Special Revenue Funds, the Debt Service Funds, and the Capital Project Funds. These funds are typically used to account for most of a government's operations and capital expenditures. Two other funds types are known as the "Proprietary Funds" because they function in a manner similar to private enterprise. These funds are the Enterprise (Service) Funds and the Internal Service Funds. The last of the seven fund types that may be found on a combined balance sheet or in a budget document is the Trust and Agency Fund.

## **General Fund**

The **General Fund** is used to account for the financial resources and expenditures associated with most City operations where revenue is not required to be recorded in a separate fund. As the name implies, revenues collected in this fund are not restricted as to which division or purpose they may be expended. The sources of revenue for the General Fund are primarily from taxes intergovernmental (other governmental sources), service charges and the use of money and property held by the City of Belmont.

## **Special Revenue Funds**

Special revenue funds are used for a number of activities. They include:

The **Recreation Services Fund** is used for Parks and Recreation. Currently the direct cost of providing these programs is paid for by the fees collected for the activities. The City has historically subsidized these programs from the General Fund.

The **Library Maintenance and Operation Fund** is used for on-going maintenance of the Belmont Library Community Facilities District, including the Library and adjacent Belameda Park. The cost of providing these services is funded by special taxes.

The **Development Services Fund** is used to account for the Permit Center and Development Regulation Programs. This fund makes it possible for Staff to track and determine if development fees are covering the direct and indirect cost of providing these services. State law allows for full recovery of these costs.

The **Belmont Fire Protection District** operates under the umbrella of the City of Belmont. The purpose of this fund is to provide fire protection services to the City of Belmont and the unincorporated Harbor Industrial Area. Currently, the City of Belmont and the City of San Carlos operate a joint fire service program and the funds collected by the Belmont Fire Protection District are used to pay the City of Belmont's contribution to Belmont-San Carlos Fire Department for fire services.

**Gas Tax Fund** is required by the State of California to restrict the use of these tax dollars to street improvements and maintenance. The money from this fund is used to pay for street maintenance activities.

**Street Improvements (Measure A/Grants) Fund** is restricted for street improvements. The primary source of funds comes from sales taxes and is spent on transportation related capital projects and programs.

**Law Enforcement Block Grants** is law enforcement resources from the U.S. Department of Justice to use for projects to reduce crime and improve public safety.

**Supplemental Law Enforcement Services** is a fund used to account for the Citizens Option for Public Safety (COPS) program. Money for this fund comes from the State of

California and can be used for front line law enforcement programs. The amount of money received is based on population.

**Redevelopment Administration Fund** is used to pay for operating and administering the Redevelopment Agency. The expenditure of funds is regulated by the Los Costanos Community Development Plan and California Redevelopment Law.

**Low and Moderate Income Housing Fund** is used to account for the 20% housing set aside in the Redevelopment Agency which can only be used to provide additional low and moderate income housing units.

**COPSMORE 96 Fund** is used to account for a federal grant to improve Police communications. The City of Belmont is acting as the lead agency for this grant. The cities of Hillsborough, Foster City, San Carlos and Redwood City are also participating.

**Police Communications Consortium JPA Fund** is used to account for the ongoing maintenance of communications equipment acquired from the COPSMORE 96 grant. Each agency contributes to the joint maintenance of the equipment pursuant to the terms of the joint powers agreement.

**Traffic Mitigation Fund** is used to account for fees paid by developers to offset the cost of traffic mitigation efforts required as a result of the development.

**Public Safety Grant Fund and Police Education Services Fund** are both used to account for grants for purchase of public safety equipment.

### **Capital Project Funds**

The **General Facilities Fund** is used to account for minor improvements to the City's facilities. Fees collected in this fund are used to offset both the direct and indirect cost of implementing these projects.

**RDA Capital Projects Fund** was established to account for \$7.75 million in bond proceeds from the Series 1999B issue. Funds may only be expended on projects in the Los Costanos Project Area.

**Direct Access - Ralston/Rt. 101/Island Park Fund** (formerly named the Area Roadway Improvement Fund) is used for the construction of a direct access route servicing the Island Park area; as well as traffic improvements in the Ralston/Rt. 101 interchange. This project is jointly funded by the City of Belmont, the City of Redwood City and loans from Oracle Corporation.

**Unanticipated Infrastructure Repair Fund** was established to fund unanticipated repairs to the City's infrastructure including streets, retaining walls, bridges, culverts, waterways, buildings, etc. In FY2007, the funds were used for the East Laurel Creek Project and an estimated \$0.2 million should be reimbursed by FEMA. This money will be used to pay for future significant and unexpected infrastructure repairs.

**Planned Park Fund** is for the acquisition and improvement of parks, playgrounds, and recreation facilities.

**Special Assessment District** is for maintenance and improvement costs within City's Special Assessment District boundaries. Resources represent funds remaining after the retirement of Special Assessment Debt.

The **Open Space Fund** has been established to develop plans and purchase open space properties.

**Comcast PEG Fund** has been established to account for the purchase and installation of hardware within City Hall to broadcast events to Pen TV, our Public Education Government Channel.

### **Debt Service Funds**

The debt services funds are used to account for financial resources to be used for the payment of principal and interest on long-term debt.

The **Library CFD Bond Fund** accounts for the Library special taxes legally restricted for the payment of principal and interest on long-term indebtedness generated by the Library Mello-Roos bonds sold in 2004.

The **Redevelopment Debt Service Funds** are used to account for property tax increment and the payments of principal and interest on the long term indebtedness generated by the Redevelopment Agency bonds sold in 1999A and 1999B. These bond transactions require that the City to also maintain a Redevelopment Agency Debt Service Reserve Fund which can only be used for bond payments.

**Redevelopment Debt Services Reserve** is the portion of the Redevelopment Debt Services fund balance legally restricted for the payment of principal and interest on long term Redevelopment Agency liabilities.

The **General Obligation Fund** is used to account for the payments of principal and interest on the note payable to Oracle for the development of roadway improvements adjacent to the property owned by Oracle.

### **Enterprise Funds**

The **Sewer Enterprise Fund** is used for financing the City's operating costs associated with the operation of the South Bayside System Authority (SBSA). SBSA is a joint powers authority that manages wastewater treatment.

The **Sewer Capital Fund** is used for the physical improvements to the City's sewer system.

The **SBSA Treatment Plant Expansion Fund** is used to account for improvements made to the SBSA plant. Revenue for the improvements comes from fees paid by users connected to the sanitary system.

The **Storm Drainage Enterprise Fund** is used to account for operations to the City's storm drainage system. Funding comes from customers connected to the City's sewer system, due to extensive infiltration to the City's sewer system, and NPDES charges.

The **Solid Waste Fund** is used to account for operating costs associated with Street Sweeping and landfill rate structure analysis.

### **Internal Service Funds**

Internal service funds include the City's **Worker's Compensation Fund** and **Liability Insurance Fund**. The City is responsible for the first \$150,000 of liability insurance claims filed. The cost associated with worker's compensation is based on rates established by the carrier and allocated to the operating divisions and service centers. The cost of the liability program is allocated to all operating divisions and service centers based on claim losses in prior years.

**Self Insured Vision Fund** is for the City's dental and vision reimbursement plan for its employees.

The **Fleet and Equipment Maintenance Fund** is used to collectively manage the purchase of vehicles and computer hardware. Departments "lease" vehicles and computer equipment from the fund. Over time, this fund will accumulate monies to replace worn out equipment.

The **Facilities Management Fund** accounts for maintenance to the City's main facilities, including City Hall, Police, Parks and Recreation, etc. Departments pay for maintenance on a square footage basis. Over time, this fund will accumulate monies to replace furniture, equipment and furnishings.

The **Benefit Stabilization Fund** is established to account for certain employee benefits which have been accrued, i.e., earned, by the employee and are payable to the employee at a future date. The fund activity includes, but is not limited to, amortizing compensated absences (vacation, sick leave, general leave, etc.), post employment benefits (PERS rate smoothing) and other benefits due to employees upon separation from City service. The Fund also accounts for benefits related to retirees. The cost of these programs are paid by charging departments an amount sufficient to fund the program expressed as a percentage of base payrolls.



## **What is the Difference Between "Designated Unreserved Fund Balance" and "Reserved Fund Balance"?**

Sometimes governments segregate or " earmark " financial resources for specified purposes. Such " earmarking " is reflected in financial statements by means of " designations. " For example, a government may " designate " resources to help meet obligations expected to arise in connection with claims and judgments. Only the chief executive officer(s) or the legislative body of the government may create a designation. It is very important to distinguish between " reserves " (i.e., " reserved fund balance ") and " designations. " The former are an indication that financial resources are not available for appropriation, whereas the latter only indicate that management would prefer to use available financial resources for a specified purpose. Accordingly, although earmarked, designations remain an integral part of a government's spendable or appropriable resources (i.e., " unreserved fund balance ").

## **Is "Unreserved Fund Balance" a Good Measure of Economic Health?**

"Unreserved" or "available" fund balance provides a measure of the financial resources available for future spending or appropriation. While an absence of spendable resources may well be an indication of actual or potential economic problems, the presence of such resources is no guarantee of sound economic health. For example, just as an individual can increase his or her checkbook balance by taking out a loan, so too can a governmental fund increase its spendable resources (i.e., "unreserved fund balance") by issuing long-term debt. In neither case would the economic position of the individual or government be improved because the debt must be repaid. Accordingly, a significant level of "unreserved fund balance" should not be taken alone as evidence of sound economic health.

## **How High a Level of "Unreserved" or "Available" Fund Balance Should be Maintained in the General Fund?**

There is little argument that a deficit "unreserved" or "available" fund balance is normally to be avoided. Indeed, such deficits are illegal in a number of jurisdictions. The "right amount" of unreserved fund balance, however, is a question open to debate, particularly in the General Fund. Bond raters and others often use "rules of thumb" to measure the adequacy of unreserved fund balance in the General Fund. For example, 5 percent of annual operating expenditures is a commonly used amount. Others argue that unreserved fund balance should equal no less than one month's operating expenditures (i.e., 8.3%). Care must be taken, however, to avoid applying such rules of thumb mechanically. A variety of factors must be taken into account when evaluating the adequacy of fund balance in the General Fund. One important consideration is the reliability of a governmental agency's revenue sources. Whereas some governmental revenues are traditionally quite stable, others often can vary significantly depending on conditions in the economy (e.g. sales tax and interest income). Governments depending upon less reliable revenue sources may need to maintain significantly higher levels of unreserved fund balance than those relying upon more stable sources of revenue.



Another important factor is the timing of cash inflows and outflows. Governments whose cash flows are less predictable or uneven because of the timing of revenue collections may need relatively higher levels of unreserved fund balance to maintain liquidity than those with highly predictable continuous cash inflows and outflows.

A third important consideration involves resources available in other funds. Some governments, for example, establish separate "budget stabilization funds" to meet unexpected contingencies. When such additional resources are available in other funds, a lesser amount of unreserved fund balance may be appropriate in the General Fund.

A final important consideration involves the resources which may be required of the government to pay for new programs or large capital projects.

In short, the specific financial history, prospects and circumstances of each individual government must be carefully weighed when evaluating the adequacy of "unreserved fund balance." In the City of Belmont's case, the City Council has established a policy on the balance of unreserved fund balance of the General Fund. The General Fund unreserved fund balance should be maintained at a maximum of 20% of operating expenditures with \$2,000,000 minimum. In addition, the City Council has established a \$50,000 Contingency appropriation which may be used to pay for an emergency or an uncertain occurrence. The use of contingency funds requires City Council approval.

### **Why Does the City Prepare a Budget?**

Any government entity prepares a budget for more than one reason. The first is that it has a legal obligation to do so. But of equal importance for the City of Belmont, is that the budget sets forth the basic spending policy of the City Council. The budget indicates what services and service levels the City Council has determined are to be delivered, what capital improvements to public facilities are to be made, what objectives the organization is expected to accomplish, and what performance standards and measures are to be used to judge both the quality and the quantity of services delivered.

Each year the City Council adopts a budget for the upcoming fiscal year. The City of Belmont's fiscal year begins on July 1st. This budget, therefore, will remain in effect through June 30th.

There are two major sections of the budget. The revenue side describes the sources and amounts of revenue from other governments, use of money, property, and service charges the City of Belmont expects to receive over the period.

The expenditure or appropriations side describes how much money will be spent from either current revenues or from existing fund balances from the City of Belmont's various funds, both general and restricted, to accomplish the delivery of services and the investment in infrastructure.

While in many ways the City of Belmont's budget may be similar to a household budget, there are some major differences. On the revenue side of the budget, the City of Belmont's income can fluctuate from year to year as money comes in from various sources. Some sources of revenue are forwarded to the City of Belmont from either the State or the County (e.g., grants).

The City of Belmont does have more control over the expenditure side of the budget, but even here, the City of Belmont is faced with a series of statutory requirements (mandates), which dictate that certain services must be offered and funded.

In addition, the City of Belmont does not, in most cases, have the ability to stop providing services simply because it does not have the income. Police protection and fire suppression are the most clear cut examples. Even if revenue decreases substantially, the City of Belmont must still provide an acceptable minimum level of police protection and fire suppression.

A final important thing to remember about the budget document is that it is a plan for service. The projected revenues and the expenditures are estimates. Many things can happen in a year to change either revenue expectations or expenditure needs. The City of Belmont tries to budget as accurately as possible. Should things change there is a process to amend the budget document. Supplemental appropriation resolutions are presented to the City Council during the budget cycle to add appropriations or transfer appropriations from one fund to another. Sometimes these changes will be accompanied by an offsetting additional source of revenue, neutralizing the possible impact on the expected ending fund balance of the relevant fund. Other times these changes will require that fund balances be used, reducing the amount of the fund balance from what was projected at the beginning of the year.

### **How Does the City Prepare its Budget?**

The City of Belmont prepares a budget through a traditional budget process. The City Manager, working in conjunction with the Finance Director, prepares a rough draft of the budget for review by the City Council and Finance Commission. The Finance Commission reviews the draft and provides input to the City Council. Once this has been done, the draft budget is reviewed, considered and adopted by the City Council at a public hearing usually held in June.

### **Major Revenue Sources**

**General Property Taxes** This revenue source is derived from the 1% Property Tax paid by homeowners and businesses to the Country Tax Collector and is based on assessments made on land and structures in the City. Growth in property taxes is realized from the 2% annual increase allowed by Proposition 13, as well as increased valuation which occurs when property is sold and reassessed.

**Sales Tax** This revenue source is the familiar tax that retailers add on to the price of most goods sold in Belmont. The City receives one **percent** of the 8 cent/dollar sales tax.

**Business License Tax** This revenue source is a type of excise tax imposed on businesses for the privilege of conducting business within the City. Cities may levy this tax for both revenue-raising purposes and regulatory purposes that are levied to cover the costs of regulation. This tax is indexed to the San Francisco Bay Area Consumer Price Index and is adjusted annually.

**Transient Occupancy Tax** This revenue source is a general tax imposed on occupants for privilege of occupying rooms in hotel, motel, inn and other lodging facilities when the stay is 30 days or less.

**Documentary Transfer Tax** This revenue source is derived from the \$1.10 per \$1,000 of value on the legal transfer of property under State Law. Half of the Documentary Transfer Tax is levied by the County of San Mateo and half is levied by the City of Belmont. The amount of revenue received each year is dependent on the volume of real estate transactions for newly constructed and previously owned property.

**Franchise Fees** This revenue source is derived from taxes paid by utilities which have a franchise to operate on City streets and rights-of-ways. These businesses and their tax rates are: **BFI Sanitation (10%), AT&T Cable (5%), PG&E (1%)**. Revenue estimates are based on historical trends with consideration given to announced rate increases and increases in construction over the prior year.

**Development Permits** These revenue sources are derived from building permit fees, plan check fees, planning permit fees, grading plan fees, encroachment fees and engineering fees. As such these revenues are dependent upon the level of building activity occurring in the community and are subject to periodic rate adjustments by the City Council.

**Motor Vehicle License Fees** This revenue source is a license fee equivalent to 2 percent of the market value of motor vehicles and is imposed annually by the state “in lieu” of local property taxes. Estimates are provided by the State of California annually.

**Interest Earnings Investments** This revenue source is derived from investment earnings on the City's cash accounts, investments and loans receivable.

**Refunds and Reimbursements** This revenue source is derived from cost reimbursements and miscellaneous other income. Estimates include negotiated insurance settlements, negotiated cost sharing agreements and miscellaneous other revenues.

**Gasoline Taxes** This revenue source is derived from Sections 2105, 2106, 2107, and 2107.5 of the Street and Highways Code. Generally the revenues are allocated on a per capita basis. Allocation estimates have been provided by the State of California.

**Recreation Service Fees** This revenue source is derived from classes taken from recreation classes from the Park and Recreation Department.

**Facility Rentals** This revenue source is rental of various City buildings including; City Hall suites, Lodge, Cottage, Senior Center, Barrett Community Center, Sports complex and other City facilities.

**In-Lieu Taxes** This revenue source is a payment in lieu of taxes for enterprises. The City of Belmont receives an in-lieu franchise tax from the sewer enterprise.

**Grants** This revenue source is a contribution of cash or other assets from another governmental agency to be used or expended for a specified purpose, activity or facility. For instance, the **COPSMORE 96** grants are Federal grants administered through the Department of Justice for communication upgrades.

**General Obligation Bonds** This revenue source is a bond issued through the City. It is a tax levied on real and personal property, located within Belmont, at any rate necessary to collect enough money each year to pay for principal and interest due.

**Disaster Assistance** This revenue source is reimbursement from the State and Federal Government on expenditures as a result of locally declared emergencies.

**Administrative Reimbursement Fees** Internal charges to divisions in support of providing administrative services, including City Manager, City Clerk, Finance, Treasurer, Risk Management and Human Resources.

**National Pollution Discharge Elimination Systems (NPDES) Charges** This revenue source is collected from customers to pay for the cost of the storm drainage system.

**Sewer Service Fees** This revenue source is collected from customers to pay for the cost of sewer system operations and capital improvements.

### **Major Departmental Responsibilities**

**City Manager's Office** provides comprehensive direction to all City departments, as well as, coordination and administration of city activities, finances and personnel to attain effective and efficient municipal services.

**City Clerk's Office** provides information to the City Council, staff and citizens, assists with elections, and keeps official records of City Council actions and City business.

**City Attorney's Office** provides legal counsel and services to the City Council, its Commissions and the City departments.

**City Treasurer's Office** provides oversight of the receipt, investment, and disbursement of City Funds consistent with state law and the City of Belmont's investment policy.

**Finance Department** provides fiscal services to other city departments, boards, commissions, and Belmont-San Carlos Fire Department. Its roles is to enhance the City's decision making process by giving sound fiscal information and direction, to administer the City's risk management program, to maintain licensing, payroll, and accounts payable systems, and to provide programs and assistance which help define city services and fiscal requirements.

**Human Resources Department** provides personnel support services to the City of Belmont and Belmont-San Carlos Fire Department. Its functions include recruitment, professional development, labor law compliance, compensation management, and employee development.

**Public Works Department** provides inspection and engineering services to public rights-of-way and private development projects; maintains the present system of City streets, sidewalks, storm drains and traffic control devices; and ensures the safe and dependable performance of the sanitary sewer system and pump stations.

**Planning and Community Development Department** develops, administers and enforces ordinances, building codes and standards relating to the community's present and future development and construction; and provides resources to accomplish the Redevelopment Agency's goals as outlined in the Agency Plan, the downtown Specific Plan and the Housing element of the General Plan.

**Police Department** provides a sense of security for the community through its patrol services; furnishes information and support to citizens with respect to police service and crime prevention; recovers and returns property to its rightful owner; conducts both criminal and non-criminal investigations; and protects the public in the event of disaster or unusual incident.

**Parks and Recreation Department** improves and maintains the quality of life in Belmont through the provision of educational, athletic and cultural activities in the City's parks and open spaces.

**Belmont-San Carlos Fire Department** is a joint enterprise with the City of San Carlos. Belmont-San Carlos Fire Department provides fire protection services to the residents and business of the Belmont, San Carlos and the unincorporated area of the Harbor Industrial Area.

## **Glossary of Terms**

**Administrative And Other** - A budget category which accounts for all administrative support, vehicle usage, equipment usage, debt service, and other uses required to support the division.

**Allocation** - The division of tax proceeds among local agencies.

**Appropriation** - Money budgeted for a given program. Appropriations are the means by which legal authority is given to expend public money. The appropriation is the maximum level of expenditure authorized.

**Budget** - A plan of financial and program operation which lists appropriations and the means of financing them for a given time period. Belmont adopts a one-year plan.

**California Government Code** - State Legislation providing the legal framework for Municipal operations.

**Capital Asset** - Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

**Capital Improvements** - Physical improvements which typically cost over \$5,000 and have a useful life of a year or more and involve the construction or reconstruction of a physical asset. Examples are street improvement projects, park improvement projects, infrastructure improvements and facility construction.

**Capital Outlay** - A budget category that accounts for land, land improvements, buildings, furniture, equipment and rolling stock. Also known as Capital Assets, expenditures exceed \$5,000 and have a useful life of one year or more.

**City Municipal Code** - City Legislation providing the legal framework for the operations of the City.

**Department** - An organizational unit comprised of divisions and managed by a single director.

**Division** - The detailed activity designed to provide a service to the public which is the budgeted level for expenditures.

**Encumbrance** - Financial commitments related to unperformed services or contracts for goods for which part of an appropriation has been reserved.

**Enterprise Fund** - A fund type that can be used to account for operations that are financed and operated in a manner similar to private enterprise where costs of providing a service is recovered through user charges.

**Expenditure** - Appropriated funds which have been spent.

**Fiscal Year** - A twelve-month period of time used for budgeting, accounting or tax collection purposes. California municipalities operate on a July 1 to June 30 fiscal basis.

**Fund** - An independent fiscal and accounting term used to record all financial transactions related to the specific purpose for which the fund was created.



**General Accepted Accounting Principles (GAAP)** - Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

**Grant** - Contributions or gifts of cash or other assets from another governmental entity to be used or expended for a specific purpose, activity or facility.

**In-Lieu Tax** - Tax levied in place of another tax or taxes. The State of California provides in-lieu motor vehicle fees to local governments to compensate for local personal property, not subject to property tax.

**Internal Service Charges** - The charges to user departments for internal services provided by another government agency, such as data processing, or insurance funded from a central pool.

**Personnel** - A budget category which accounts for all salary and personnel related benefits required to support the planned level of program or activity.

**Proposition 4** - Article XIII B of the California Constitution which limits appropriations to the level of proceeds of taxes.

**Proposition 13** - Article XIII A of the California Constitution which imposes a 1% limit on property taxes, restricts assessments and places limitations on the levy of new taxes.

**Revenue** - Amounts received for taxes, licenses, permits and fees, intergovernmental sources, service charges, interest and use of property and other income.

**Service Area** – A consolidation of affiliated service centers developed to carry out a core program outcome, without consideration of existing boundaries, management or staffing. Service Areas include an overall mission, council priorities, core measures, quality-effectiveness, budget/cost ratios and customer satisfaction.

**Service Center** – Specific programming to targeted services to meet program outcomes. Service Centers include operational level purpose and quality—effectiveness measures. It is also a budget level for expenditures and accounts for all supplies, goods and services required to support the program.

**Supplies and Services** - A budget category, which accounts for all supplies, goods and services required to support the division.